

FISCAL NOTE

SB 3984 - HB 3951

February 22, 2008

SUMMARY OF BILL: Requires the State Board of Education and each local education agency (LEA) to adopt rules requiring public schools to provide free lunch to all students regardless of income. Current law provides free or reduced price lunch based on income eligibility.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$176,620,000

Assumptions:

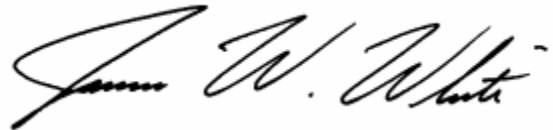
- According to the Department of Education (DOE), the number of students eligible to receive lunch is based on the average daily attendance (ADA). ADA for 2006-07 was 921,292, including Pre-K and adult education students eating lunch in a public school cafeteria on a daily basis. The portion and price per lunch paid by the federal government is based on income eligibility.
- Cost per meal is approximately \$2.47. Lunch is served 180 days (all school days). Students on reduced lunch pay \$0.40 out of pocket (federal reimbursement of \$2.07 per lunch). State receives a reimbursement rate of \$0.23 per student not on free or reduced price lunch.
- 418,361 students received free lunch at federal reimbursement of \$186,003,30.60 ($418,361 \times 180 \text{ days} \times \$2.47 = \$186,003,301$). 78,991 students received reduced price lunch at federal reimbursement of \$29,432,046.60 ($78,991 \times 180 \text{ days} \times \$2.07 \text{ price of reduced lunch} = \$29,432,046.60$). 423,940 paid for lunch out-of-pocket at a federal reimbursement of \$17,551,116 ($423,940 \times 180 \text{ days} \times \$0.23 \text{ federal reimbursement} = \$17,551,116$).
- Total cost to provide lunch is \$409,606,423.20 ($921,292 \times \$2.47 \text{ per lunch} \times 180 \text{ days} = \$409,606,423.20$). Federal money pays for \$232,986,463.20 of the total cost ($\$186,003,300.60 + \$29,432,046.60 + \$17,551,116 = \$232,986,463.20$).
- Under this bill, the state would become responsible for current student out-of-pocket expenses, an increase in state expenditures of approximately \$176,619,960 ($\$409,606,424.20 - \$232,986,463.20 = \$176,619,961$).

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- According to the DOE, it is assumed that there will be a three percent increase each year. The second year cost will be approximately \$181,918,560 ($\$176,619,961 \times 1.03\% = \$181,918,560$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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